

# BEST NEWSLETTER

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## COMMENTS FROM OUR BRANCH CHIEF

Many of you have provided feedback regarding the BEST newsletter. We appreciate your feedback and have incorporated your suggestions. We continue to welcome any suggestions you may have for future articles. We are concerned that many of you are not receiving the newsletter and encourage you to sign up for the BEST Newsletter subscription service. To help you enroll in the subscription service, we are again publishing the article on how to sign-up so you can receive your BEST newsletter automatically.

The Thrift Savings Plan (TSP) Open Season is here again and will run from 15 May through 31 Jul 02. TSP is a way you can invest in your own future. Your TSP account is a part of your retirement you can control--you decide how much of your salary to put in, how to invest it and, when you retire, how much money you want paid out. The best way to assure your retirement income meets your needs is to start investing in TSP now and continue throughout your career. Please read our articles on pages 2 and 4 for more information on TSP.

In our last few Newsletters we have provided information about the Long Term Care (LTC) Insurance Program. LTC Open Season (1 Jul-31 Dec 02) will be here before we know it. More information is now out on the web to help you make an informed decision about protecting yourself and your family against the potentially high costs of long term care. To download the LTC Insurance Primer (booklet), the premium calculator, Open Season Frequently Asked Questions and much more, take a look at the following web sites:  
<http://www.ltcfeds.com/>;  
<http://www.opm.gov/insure/ltc/faq/index.htm>; or  
<http://www.opm.gov/insure/ltc/faq/changes.htm>. If you have questions about the LTC Insurance Program, or would like to obtain a copy of the LTC Insurance Primer, LTC Partners can be reached at their toll-free number, 1-800-582-3337. Employees who decide they want to elect LTC Insurance must apply directly to LTC Partners, not through BEST. We suggest you seek out as many sources of information before making a decision on LTC Insurance. We will keep you posted on new information as it is provided.

Maria F. Molly  
Chief, Benefits & Entitlements Branch

## BEST NEWSLETTER SUBSCRIPTION SERVICE

In May 2001, we announced our BEST Newsletter Subscription Service. Those who've signed up have let us know they really like the service. We encourage more of you to sign up for our subscription service. It's simple to do - just follow these steps:

- Access our homepage at <http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm> and click on "Newsletter Subscription Service"
- Click the "Subscribe" button under "Benefits and Entitlements Newsletter (BEST)"
- Send the E-mail that pops up; you'll receive a follow-up E-mail confirming your subscription
- If you encounter problems, click on "Help" and follow the instructions

If you do not have a computer or Internet access from home or work, you can obtain our newsletter via the fax-back system available through the BEST telephone-automated system. You will simply call the telephone-automated system at 1-800-997-2378 or commercial (210) 527-2378 if calling within the San Antonio area. Once you reach the main menu, you will press "6" for fax-back documents, order the fax-back menu, and then select the menu option for the current newsletter.

We will notify the Civilian Personnel Flights (CPFs) via an "All CPF E-mail" when we have completed and posted a new newsletter. The CPFs will in turn notify the organizations the newsletter has been placed in the fax-back system and is available on the homepage.

Those employees who have subscribed to the newsletter will automatically receive it via E-mail.

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# HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

## THRIFT SAVINGS PLAN (TSP) OPEN SEASON 15 MAY - 31 JUL 02

The next TSP Open Season will run from 15 May through 31 Jul 02. This is a good time to think about investing for your future. The TSP offers Federal employees a means to increase their future retirement benefits and to defer paying current income taxes on their contributions and earnings. The sooner you start contributing to TSP, the more you stand to gain. Your money makes money in the form of earnings, and those earnings, in turn, make money. This is what is known as the “miracle of compounding.” As money grows in your TSP account over time, the proportion due to earnings will become larger compared to those due to your own contributions.

All employees covered under the Federal Employees Retirement System (FERS) or the Civil Service Retirement System (CSRS) are eligible to start or increase contributions to the TSP during open season. This open season, FERS employees are eligible to contribute up to 12 percent of their basic pay while CSRS employees can contribute up to 7 percent of their basic pay.

You can elect to increase or decrease the amount of pay you contribute to TSP by making a “contribution election” during open season. You will make your TSP “contribution election” through the BEST automated system by web or telephone between 15 May and 31 Jul 02. You may access the BEST web automated system at [http://www.afpc.randolph.af.mil/dpc/BEST\\_GRB/EBIS.htm](http://www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm). If you wish to use the BEST automated telephone system, call our toll-free number at 1-800-997-2378 or (210) 527-2378 if calling within the San Antonio, Texas area. Press “2” to access the BEST system, press “1” for current Air Force serviced employees and follow the prompts to enter your social security number and BEST PIN. Once you have cleared the PIN and telephone verification modules, press “3” to make your TSP “contribution election.”

You will make your “contribution allocation” (how you want TSP to invest your funds) directly with the TSP (not BEST). To make your “contribution allocation,” use the TSP web site ([www.tsp.gov](http://www.tsp.gov)), the ThriftLine (504-255-8777), or complete the TSP Investment Allocation Form (TSP-50). You may invest in any or all of the five TSP investment funds: the Government Securities Investment (G) Fund, the Common Stock Index Investment (C) Fund, the Fixed Income Investment (F) Fund, the Small Capitalization Stock Index (S) Fund, and the International Stock Index Investment (I) Fund.

We encourage you to read the “Summary of the Thrift Savings Plan for Federal Employees” before making your TSP election. The Summary contains detailed information about participation and contribution rules, investment options, interfund transfers, loans, withdrawals, and other important information. You can obtain a copy of this booklet from the TSP web site located at <http://www.tsp.gov/forms/index.html> under “Booklets” or through local procedures at your base.

## CALENDAR OF EVENTS

TSP Open Season	15 May-31 Jul 02
LTC Open Season	1 Jul-31 Dec 02
TSP Open Season	15 Oct-31 Dec 02*
FEHB Open Season	11 Nov-9 Dec 02



\*Yes, we just received notification TSP Open Season dates are expected to change.

## TRANSFER OF FUNDS INTO YOUR THRIFT SAVINGS PLAN (TSP) ACCOUNT

**Do you have funds in an existing retirement account you want to transfer to the TSP?** Effective 1 Apr 02, the TSP will accept transfers and rollovers from more types of eligible retirement plans. You are now able to transfer and rollover eligible section 403(b) annuities, 457(b) plans, Simplified Employee Pensions (SEPs), and traditional individual retirement accounts (IRAs) into your existing TSP account. TSP is not allowed to accept after-tax balances; therefore, transfers from all IRAs and all other plans must consist solely of balances that will be subject to income tax upon distribution.

**How do you do it?** Just complete the revised Form TSP-60, Request for a Transfer Into the TSP. The form is available from the TSP web site at <http://www.tsp.gov/cgi-bin/byteserver.cgi/forms/tsp-60.pdf>. Please read and follow the detailed instructions on the back of the form.

# HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

## FEDERAL EMPLOYEE HEALTH BENEFITS (FEHB) QUESTIONS & ANSWERS

### Which family members can I cover under my FEHB enrollment?

Family members eligible for coverage under your self and family enrollment include your spouse (including a valid common law marriage) and your unmarried dependent children under age 22. Eligible children are defined as: your legitimate or adopted children, stepchildren or foster children, as long as they live with you in a regular parent-child relationship. To add a foster child to your enrollment, you must also be expected to raise the child into adulthood. A recognized child born out of wedlock may also be included if a judicial determination of support has been obtained or you show that you provide regular substantial support for the child. Also included is your unmarried dependent child age 22 or over who is incapable of self-support because of a disability that existed before age 22. In the case of a child incapable of self-support, the disability of the child must be expected to continue for at least one year. Other family members; i.e. your parents, are **not** eligible for coverage even if they live with you and are dependent on you.

### When do my family members lose coverage under my FEHB enrollment?

Your spouse immediately loses coverage under your self and family enrollment when your divorce decree or annulment is final (according to State law).

Your child immediately loses coverage when: he/she reaches age 22, unless the child is incapable of self support; your child marries; your disabled child age 22 or over marries or becomes capable of self-support; or your stepchild or foster child stops living with you in a parent-child relationship.

If your family member loses coverage, they will get a [31-day extension of coverage](#). He/she will be eligible to elect [temporary continuation of FEHB coverage](#) or may elect to [convert coverage to an individual contract](#). Your former spouse may be eligible to enroll for FEHB coverage under [Spouse Equity](#) provisions.

Your family members also lose coverage if you change from a self and family to a self-only enrollment.

***You should immediately notify your health plan when a family member loses coverage. If your health plan pays for services received after your family member's coverage ends, you must repay the health plan. It is important to note that you will NOT be notified when your family member's coverage ends.***

### I have a disabled child who just turned 22--can I continue FEHB coverage on this child?

If your child is incapable of self-support where the disability existed before he/she became 22 and the disability is expected to continue for more than one year, your child may continue FEHB coverage on your enrollment. You must obtain a medical certificate from your child's physician and provide it to BEST for use in determining whether the child is incapable of self-support due to a physical or mental disability. Depending on your child's medical documentation, BEST may approve coverage for a limited period of time; i.e., 1 year or without time limitation (permanent). Additional information may be found in the Federal Employees Health Benefits Handbook, located on our homepage at <http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm>. Click on "Health Insurance," then on FEHB Program Handbook for Enrollees and Employing Offices." When the handbook opens, click on "Family Members," then on "Child Incapable of Self-Support."

## HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

### THRIFT SAVINGS PLAN (TSP) ELECTIVE DEFERRAL LIMIT

**What is an Elective Deferral?** It is the tax-deferred amount you choose to contribute to a plan instead of receiving as pay. For TSP participants, employee contributions to TSP are considered elective deferrals. For 2002, the Internal Revenue Service annual limit on elective deferrals is \$11,000.

**What happens if I reach the annual limit?** Your employee contributions will be suspended for the remainder of the year. If you are a Federal Employee Retirement System (FERS) employee, your agency matching contributions will also stop since agency matching contributions are based on the amount of employee contributions you make each pay period.

**Do I need to do anything?** If you are a FERS employee whose annual basic pay exceeds \$91,666 you should consider the amount you are contributing to TSP. You should review the TSP Fact Sheet “Annual Limit on Elective Deferrals” available at <http://www.tsp.gov/forms/index-factsheets.html> to help you decide if you need to make any changes to the amount of your TSP contributions.

### FEDERAL EMPLOYEES’ GROUP LIFE INSURANCE (FEGLI) AND PORTABILITY OF OPTION B

**What was Portability of Option B?** Under a 3-year demonstration project on the Portability of Federal Employees Group Life Insurance (FEGLI) Option B Portability, if your life insurance terminated due to separation for other than retirement, or the completion of 12 months in a non-pay status and you met the appropriate eligibility requirements, you could port (continue) your Option B coverage. The cost of ported Option B was the same as you paid as an active employee, plus \$1.75 per month administrative fee.

**Why is it no longer available?** The 3-year demonstration project expired by law on 24 Apr 02. Last fall, the Office of Personnel Management recommended to Congress the Portability option be allowed to expire due to its cost and low usage.

**What options do I have now if my life insurance terminates due to separation for other than retirement or the completion of 12 months in a nonpay status?** Although you may no longer port your FEGLI Option B, you still have a 31-day free extension of coverage during which you may convert to an individual policy. Please contact BEST prior to separation if you are interested in converting your life insurance.

**What didn’t change?** FEGLI Option B is still the same as always and the rules for taking it into retirement are still the same.

### BENEFITS TO SEPARATING EMPLOYEES

The effects on the benefits of employees separating from Federal civilian employment (for reasons other than retirement) vary from employee to employee and depend on a number of factors.

The “Benefits Summary for Separating Employees” will prepare you to make informed decisions about your benefits when you leave the Federal government. The “Summary” specifically discusses the treatment of health and life insurance, retirement benefits under Civil Service Retirement System and Federal Employees Retirement System, and Thrift Savings Plan upon separation. The “Benefits Summary” is just one of many tools available on the web site to help you in making decisions about your benefits as you separate from Federal service.

If you anticipate separating from Federal civilian service and you are not eligible for retirement, the “Benefits Summary” and other fact sheets on our homepage are a “must” to review. You may access these documents at [www.afpc.randolph.af.mil/dpc/BEST/menu.htm](http://www.afpc.randolph.af.mil/dpc/BEST/menu.htm), then click on Separating Employees.

# **SURVIVOR BENEFITS**

## **Full Service Employees**

### **SURVIVOR BENEFITS – DEATH IN SERVICE**

There are a number of different death benefits available to the survivors of an employee who dies in service. Benefits payable to the survivors or designated beneficiaries of an employee who dies in service include:

**Unpaid Compensation** (Includes unpaid hours worked & the unused hours of annual leave accrued as of the date of death)

**Federal Employees Group Life Insurance**

**Thrift Savings Plan** (Account balance)

**Federal Employees Health Insurance:** If the employee was enrolled in self and family at the date of death and there is a survivor annuity payable to a spouse and/or children, the survivor(s) may continue health insurance coverage. Premiums will be deducted from the survivor annuity. Additionally, under the Federal Employees Retirement System (FERS), if the deceased Federal employee has at least 18 months of civilian service, the survivor may keep the health benefits coverage, but will be required to make direct premium payments to the Office of Personnel Management.

**Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) Survivor Annuity:** The surviving spouse and/or children may be eligible for a survivor annuity from the deceased employee's retirement system. If the spouse and/or children are not eligible for a survivor annuity or, there is no surviving spouse or children, the retirement contributions will be paid to the employee's designated beneficiary or, in the absence of a designated beneficiary, in the order of precedence established by Federal statute.

**CSRS:** A survivor annuity will be payable if the employee has 18 months of creditable civilian service, the employee dies while subject to CSRS, and there is a qualifying surviving spouse and/or children. A spouse survivor annuity is 55% of an annuity computed as if the employee had retired on a disability retirement as of the date of death.

**FERS:** A survivor benefit will be payable if the employee has 18 months of creditable civilian service, the employee dies while subject to FERS, and there is a qualifying surviving spouse and/or children. A qualifying spouse is entitled to a basic death benefit (\$24,018 in 2002) plus one half of the employee's final salary (or high-3 average salary, if higher), and, if the employee had at least 10 years of creditable service, a survivor annuity equal to 50 percent of the employee's basic annuity based on the deceased employee's type of service, age, length of service, and high-3 average salary at the date of death.

**Death Gratuity Payment:** If an employee's death results from an injury sustained in the line of duty on or after 2 Aug 90, a death gratuity payment may be paid to the personal representative of the employee. The amount payable is up to \$10,000 minus the amount payable by Office of Workers' Compensation under 5 U.S.C. Sections 8331(f) and 8134(a), usually \$200 and \$800, respectively.

**DESIGNATION OF BENEFICIARY FORMS:** There are several types of beneficiary forms to designate these after-death payable benefits. These include:

Standard Form 1152	Designation of Beneficiary Unpaid Compensation of Deceased Civilian Employee;
Standard Form 2823	Designation of Beneficiary Federal Employee's Group Life Insurance (FGLI);
Form TSP-3	Thrift Savings Plan Designation of Beneficiary,
Standard Form 2808	Designation of Beneficiary Civil Service Retirement System;
Standard Form 3102	Designation of Beneficiary Federal Employee's Retirement System.

If you do not complete the beneficiary forms, death benefits will be distributed in the order of precedence as follows, unless there is a valid court order on file with the employing agency:

The widow or widower;  
If none, to the child or children in equal shares, with the share of any deceased child distributed among descendants of that child;  
If none, to the parents in equal shares or the entire amount to the surviving parent;  
If none of the above, to the executor or administrator of the estate of the decedent;  
If none, to the next of kin under the laws of the State in which the decedent was domiciled at date of death.

For more information, please visit the BEST Homepage and click on Survivorship or Beneficiary Forms.